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1977

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Phillip E. Plumart

South Dakota State University

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Recommended Citation

Plumart, Phillip E., "A Six-Year Summary of Egg Production Costs and Income of Layer Flocks on the SDSU Flock Record Program" (1977). *South Dakota Poultry Field Day Proceedings and Research Reports, 1977*. Paper 11.
http://openprairie.sdstate.edu/sd_poultry_1977/11

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South Dakota State University
Brookings, South Dakota

Department of Animal Science
Poultry-Meats Section

A.S. Series 77-28

A Six-Year Summary of Egg Production Costs and Income
of Layer Flocks on the SDSU Flock Record Program

Phillip E. Plumart¹

Flockowners cooperating in the South Dakota State University Flock Record Program submitted operating and fixed cost figures after their flocks were closed out. These data and their income data are summarized for the 6 years 1971-72 through 1976-77. The data years run from July 1 to June 30.

The summarized data are presented in Table 1. The average flock size has increased slightly from 8,581 to 9,409 in 1975-76. More smaller flocks were summarized in 1976-77, lowering the average size to 7,466. Net Pullet Cost shows a 25% increase from \$1.53 in 1971 to \$1.92 in 1976.

Note that the feed cost increased 84% from 13.68 to 25.19 cents per dozen. Feed accounted for 71% of the total cost of production in 1976 as compared to 56% in 1971-72. Other operating costs including maintenance, utilities, insurance on buildings and equipment and miscellaneous rose from 0.86 to 1.03 cents per dozen. Medication was not listed as a separate cost for most of these flocks.

Total operating costs as a percent of the total cost of producing a dozen eggs, excluding labor and management, increased from 90 to 97% (22.14 cents in 1971 to 34.58 cents in 1976).

Note that the data as shown in Table 1 indicate that fixed costs have gone down. This seems to be due to less depreciation now being charged to flocks as the buildings and equipment increase in age. Fixed costs per dozen eggs were cut in half percentagewise. They were reduced from 10% to 3% of the total cost of production over the 6-year period.

The average cost of producing a dozen eggs, excluding labor and management, increased 45.1% from 24.54 cents in 1971-72 to 35.60 cents in 1976-77. The average income per dozen during the same time increased 92% from 24.30 to 46.70 cents. Percentagewise, income was only 99% of the cost of production in 1971, 97.3% in 1972 and then rose to 144% of the cost of production in 1973-74. It was 134% in 1974-75, 115% in 1975-76 and 131% in 1976-77. It appears that increased costs of production during this period have been more than offset by increased income.

Return to labor and management varied from a negative 0.63 cents per dozen in 1972-73 to a high of 13.74 cents in 1973-74, dipped to 5.31 cents in 1975-76 and rose to 11.1 cents in 1976-77.

¹Associate Professor and Extension Poultryman.

Table 1. Operating and Fixed Costs for Layer Flocks on the South Dakota State University Flock Record Program, 1971-1977

Factor	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77
Flock size	8581	9101	9409	8932	9409	7466
OPERATING COSTS	\$	\$	\$	\$	\$	\$
Initial cost per pullet	1.70	1.67	1.62	1.80	1.96	2.13
Insurance and interest/pullet	0.06	0.09	0.07	0.06	0.06	0.09
Less salvage value/pullet	<u>0.23</u>	<u>0.34</u>	<u>0.33</u>	<u>0.18</u>	<u>0.23</u>	<u>0.30</u>
Net pullet cost	1.53	1.42	1.36	1.68	1.78	1.92
Average cost per dozen, cents						
Net pullet cost	7.60	6.53	6.18	7.31	8.30	8.36
Feed cost	13.68	14.08	22.25	23.63	25.70	25.19
Medication cost	0.03	0.02	0.00	0.04	0.00	0.02
Maintenance cost	0.17	0.11	0.24	0.29	0.13	0.38
Utilities cost	0.48	0.40	0.46	0.51	0.63	0.46
Insurance on bldg. and equip.	0.11	0.11	0.14	0.12	0.12	0.12
Miscellaneous costs	<u>0.07</u>	<u>0.02</u>	<u>0.16</u>	<u>0.04</u>	<u>0.04</u>	<u>0.05</u>
Total operating costs	22.14	21.26	29.43	31.94	34.92	34.58
FIXED COSTS						
Building depreciation	0.61	0.77	0.56	0.41	0.59	0.39
Equipment depreciation	0.88	0.82	0.72	0.41	0.40	0.22
Interest on investment	0.69	0.65	0.53	0.55	0.48	0.32
Taxes	<u>0.23</u>	<u>0.08</u>	<u>0.11</u>	<u>0.10</u>	<u>0.08</u>	<u>0.09</u>
Total fixed costs per dozen	2.40	2.32	1.92	1.47	1.55	1.02
TOTAL PRODUCTION COSTS	24.54	23.58	31.35	33.41	36.47	35.60
(excluding labor and mgmt.)						
Average income	24.30	22.95	45.09	44.81	41.78	46.70
Return to labor and management	-0.24	-0.63	13.74	11.40	5.31	11.10